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## Research Article

# Universal Basic Income: Malaysia's Golden Opportunity to Lead an Islamic Economic Revolution

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**Abstract.** As the global economy grapples with rising inequality, technological disruption, and the socio-economic aftermath of the COVID-19 pandemic. Universal Basic Income (UBI) has gained traction as a promising policy to promote economic security and social justice. This article examines UBI using a qualitative, conceptual, and normative approach, analysing its compatibility with key principles of Islamic economics, such as Zakat (mandatory almsgiving), Sadaqah (voluntary charity), Maslahah (public interest), and I'tidal (balance and moderation). By drawing on Islamic teachings,

classical scholarship, and modern economic thought, the article argues that UBI aligns closely with Islamic ethical values and offers a practical, morally sound solution to addressing poverty and inequality. The paper further suggests that Malaysia, with its strong Islamic finance sector and advanced digital infrastructure, is well-positioned to pioneer the global rollout of UBI. Through descriptive and critical analysis and secondary data, it explores how Islamic financial tools like Waqf, Sukuk, and a reformed Zakat system could sustainably fund UBI. In doing so, Malaysia has the opportunity to lead in developing a transformative economic model inspired by Islamic principles.

**Keywords:** Universal Basic Income, Islamic Economics, Zakat, Sadaqah, Maslahah, Malaysia, Islamic Finance, Poverty Alleviation, Social Justice, Waqf, Sukuk, Economic Resilience

## INTRODUCTION

In recent decades, the global economic landscape has witnessed rapid transformation, driven by technological advancements, shifting labor markets, and the increasing prevalence of income inequality. Traditional welfare systems, which rely heavily on targeted assistance and often carry stigmas, have proven inadequate in addressing these evolving challenges. Among the most promising solutions proposed to address these issues is Universal Basic Income (UBI), a policy that guarantees all citizens a fixed, unconditional sum of money, regardless of employment status or income level. UBI promises to provide a financial safety net, alleviate poverty, and offer individuals the freedom to pursue education, training, or entrepreneurial ventures without the constant fear of economic insecurity. UBI is gaining traction in both developed and developing countries as an answer to the challenges posed by automation and the changing nature of work. According to a report by the World Bank (2023), automation is expected to displace millions of jobs globally, particularly in manufacturing and administrative sectors, while creating new opportunities in technology and services. However, the transition to this new economy has left many vulnerable groups behind, exacerbating wealth disparities. UBI is seen as a potential solution to this dilemma, offering a way to stabilize income for all citizens, thus reducing poverty and fostering economic participation in a rapidly evolving world (World Bank, 2023).

For Muslim-majority countries, particularly Malaysia, UBI is not only an innovative policy but also one that is deeply aligned with Islamic principles. Islamic economics has long emphasized the redistribution of wealth, social justice, and the provision of basic needs for all members of society. The Quranic principles of Zakat (obligatory almsgiving), Sadaqah (voluntary charity), and Maslahah (public welfare) advocate for wealth redistribution to alleviate poverty and ensure that all members of society have access to essential resources. These concepts are central to UBI, which provides financial support universally, ensuring that every individual can meet their basic needs without stigma or discrimination. In Malaysia, where Islamic finance has flourished as a model for the global Muslim community, UBI

represents a unique opportunity to integrate Islamic economic principles with modern policy. Malaysia's Islamic financial sector, with its sophisticated mechanisms like Sukuk (Islamic bonds) and Waqf (charitable endowments), offers an effective foundation for funding a nationwide UBI program. The Malaysian government has already demonstrated its capability in Islamic finance, and the introduction of UBI would further establish the country as a leader in implementing ethical, Islamic-based economic solutions. By leveraging its digital infrastructure and Islamic financial tools, Malaysia can create a sustainable UBI system that serves as a model for other Muslim-majority nations (Mietzner & Muhtadi, 2021). This article explores the potential for Malaysia to lead the global movement for UBI, examining its alignment with Islamic economic values and its capacity to address modern challenges. It also considers the economic, social, and political implications of UBI within Malaysia's unique socio-economic context. By embracing UBI, Malaysia can reinforce its commitment to social justice and poverty alleviation while providing a robust response to the rapidly changing global economy.

### **The Islamic Foundations of Universal Basic Income**

The concept of Universal Basic Income (UBI) is rooted in the principles of equity, social justice, and the common good, all of which are deeply embedded in Islamic economic thought. In Islam, economic systems are designed not only to promote individual welfare but also to ensure the well-being of society as a whole. This is reflected in the Islamic teachings on wealth redistribution, poverty alleviation, and the moral imperative of caring for the marginalized. UBI, which guarantees a basic income for every citizen regardless of their employment or financial status, resonates closely with several key Islamic concepts, making it an ideal policy to address the economic challenges faced by modern societies, particularly in Muslim-majority countries.

### **Wealth Redistribution through Zakat**

One of the central pillars of Islamic economics is Zakat, the obligatory almsgiving that mandates the wealthy to contribute a portion of their wealth to those in need. The Quran explicitly mentions that a portion of a Muslim's wealth should be set aside for the welfare of the poor:

"And in their wealth is a recognized right for the poor and the deprived" (Surah Al-Ma'arij, 70:24-25).

This verse emphasizes the idea that wealth is not solely for the individual but should be used to support the wider community. Zakat serves as a form of wealth redistribution, ensuring that those who are economically disadvantaged can access resources to meet their basic needs. Similarly, UBI functions as a universal redistribution mechanism, providing an income floor that helps reduce poverty and

inequality. While Zakat is a specific obligation that applies to Muslims, the principle of wealth redistribution embedded in Islamic teachings is universal and could be expanded in the form of UBI to benefit all citizens, regardless of religious background.

As noted by Al-Qaradawi (2001), the philosophy of Zakat extends beyond charity to encompass a broader social obligation to promote justice and social welfare. UBI embodies this philosophy by ensuring that all individuals, particularly the most vulnerable, have access to financial support. Through UBI, a society can operationalize the teachings of Zakat on a larger scale, ensuring that wealth is shared more equitably across society.

### **Social Welfare through Maslahah**

The principle of Maslahah (public benefit) is another key foundation of Islamic economics. This principle asserts that policies and actions should be evaluated based on their contribution to the common good and the overall welfare of society. The Quran encourages Muslims to act in ways that promote societal well-being:

"And cooperate in righteousness and piety, but do not cooperate in sin and aggression" (Surah Al-Ma'idah, 5:2).

UBI aligns closely with Maslahah by providing a guaranteed income to all individuals, irrespective of their employment or social status. By reducing financial insecurity, UBI ensures that people can access essential goods and services, such as food, healthcare, and education, which are fundamental to human dignity. This is particularly relevant in a world where wealth inequality has exacerbated social divides and limited opportunities for the disadvantaged.

Islamic scholars, such as Ibn Khaldun, have emphasized that the welfare of the entire community is essential to the health of society (Tahir & Jalal Nori, 2023). UBI, as a policy that ensures basic economic security for all, directly contributes to this communal well-being by alleviating poverty, reducing stress, and promoting economic stability. In this sense, UBI can be seen as a modern extension of the Islamic tradition of promoting Maslahah and ensuring that all individuals, regardless of their socio-economic background, have access to a dignified standard of living (Khan, 2006).

### **Dignity through Sadaqah and the Elimination of Stigma**

Zakat addresses mandatory wealth redistribution, but Islam also encourages voluntary charity through Sadaqah. Unlike Zakat, which is obligatory, Sadaqah represents voluntary giving based on an individual's ability and willingness to help others. The Quran states:

"The example of those who spend their wealth in the way of Allah is like that of a grain of corn which produces seven ears of corn, and each ear produces a hundred grains" (Surah Al-Baqarah, 2:261).

Sadaqah encourages Muslims to share their wealth freely with others, creating a culture of generosity and communal responsibility. UBI mirrors the spirit of Sadaqah by providing individuals with unconditional financial support, but without the stigma often associated with receiving charity. Traditional welfare systems sometimes create a sense of dependency or shame, whereas UBI treats everyone as deserving of support, thus eliminating stigma and promoting social equality. Moreover, the implementation of UBI in an Islamic context can serve to expand the concept of Sadaqah beyond voluntary donations, making financial security a universal right for all citizens. This aligns with Islamic values by ensuring that no one is left without the means to live with dignity and respect, which is a core element of Islam's ethical and social teachings (Al-Qaradawi, 2001).

### **Economic Justice and the Principle of I'tidal (Balance)**

The Islamic concept of I'tidal, which refers to justice, moderation, and balance, is central to the ethical framework of Islamic economics. It emphasizes the need for a fair distribution of resources and the avoidance of extremes. The Quran repeatedly calls for moderation in all aspects of life:

"Indeed, Allah commands justice, the doing of good, and liberality to kith and kin; He forbids all shameful deeds, injustice, and rebellion" (Surah An-Nahl, 16:90).

In this context, UBI can be seen as a policy that promotes economic justice by ensuring that wealth is not concentrated in the hands of a few but is distributed equitably to all members of society. By providing a basic income to every citizen, UBI ensures that no one falls below a certain standard of living, thus reducing economic inequality and creating a more balanced and just society. This principle of balance is consistent with the teachings of Islam, which emphasize the importance of ensuring that the needs of all members of society are met, without excessive accumulation of wealth by the rich or neglect of the poor (Khan, 2006).

### **Why Malaysia is Uniquely Positioned to Lead**

Malaysia stands out as an ideal candidate to lead the global adoption of Universal Basic Income (UBI), primarily due to its socio-economic diversity, advanced Islamic finance sector, and established reputation as a leader in Islamic governance. By leveraging its unique position, Malaysia can develop a UBI model that aligns with Islamic principles and serves as a beacon for other nations seeking equitable solutions to the challenges of poverty, inequality, and socio-economic instability.

### **a. Leadership in Islamic Finance**

Malaysia has long been at the forefront of Islamic finance, demonstrating how Islamic economic principles can be applied to modern financial systems. The country's expertise in Shariah-compliant financial instruments, such as Sukuk (Islamic bonds) and Waqf (charitable endowments), positions it uniquely to fund a UBI program. Sukuk are debt-based securities that comply with Islamic law by ensuring that investors share in the risks and rewards of an underlying asset, making them ideal for funding social projects like UBI. The global Islamic finance market, which Malaysia has played a central role in developing, is projected to grow to over \$3 trillion by 2024, with Malaysia contributing significantly to this expansion (Khan, 2020). These financial tools can be effectively adapted to generate long-term, sustainable funding for UBI, ensuring that the program is financially viable and aligned with Islamic ethical guidelines.

In addition to Sukuk, Waqf (Islamic endowments) represents another mechanism that Malaysia can leverage for UBI funding. Traditionally used for charitable purposes, Waqf funds are established through long-term investments that benefit public goods. Malaysia's Islamic finance sector has modernized Waqf management through innovations like E-Waqf, which digitizes the collection and management of endowments (Siddiqui, 2019). By integrating Waqf into the funding model for UBI, Malaysia can ensure a sustainable revenue stream that supports its citizens' well-being by Islamic principles of collective responsibility and social justice.

Furthermore, Malaysia's ability to modernize the Zakat system, the obligatory almsgiving that redistributes wealth, can complement UBI. By improving the collection and distribution of Zakat through digital platforms, Malaysia can generate additional funds for UBI, directly benefiting the most vulnerable segments of society. As noted by Abdul-Rahman (2015), modernizing Zakat collection systems could increase compliance and ensure that the funds are used efficiently, helping to address poverty in both urban and rural areas.

### **b. Socio-Economic Context**

While Malaysia has made significant progress in poverty alleviation, issues of income inequality and rural-urban disparity persist. According to the Department of Statistics Malaysia (2022), while the poverty rate in Malaysia has fallen to around 5.6%, disparities between urban and rural areas remain significant. Rural households continue to face challenges in accessing basic services, and many struggle with low-paying, informal sector jobs that leave them vulnerable to economic shocks.

UBI presents a practical solution to address these socio-economic challenges by ensuring that all Malaysians, regardless of their location or income level, have access to a basic income that guarantees financial stability. By providing a

guaranteed income floor, UBI can help to bridge the income gap, reduce poverty, and provide individuals in rural and marginalized communities with the resources they need to improve their quality of life. As noted by experts like Hassan (2020), UBI can enhance socio-economic mobility by giving individuals the financial security they need to pursue education, training, or business opportunities, which can have long-term positive effects on both personal well-being and national economic growth.

In the context of Malaysia, UBI would specifically target those who are traditionally left behind by conventional welfare systems, such as low-income families, the elderly, and the unemployed. The program could be tailored to ensure that these groups receive the support they need to meet basic living expenses, thus enabling them to contribute more fully to the economy.

### **c. Digital Infrastructure**

One of Malaysia's key strengths in implementing UBI lies in its robust digital infrastructure. The country has made significant strides in adopting digital payment systems, and its push towards a cashless society has provided the framework for efficient UBI distribution. As Malaysia continues to modernize its digital economy, UBI can be seamlessly integrated into the existing financial ecosystem through digital wallets and mobile apps, ensuring that funds are distributed quickly, securely, and transparently.

Blockchain technology, in particular, offers an innovative solution to ensure the secure and equitable distribution of UBI funds. Blockchain's decentralized ledger system can help to eliminate corruption and fraud in the distribution process, ensuring that funds are distributed fairly and without delay. By leveraging these technologies, Malaysia can ensure that its UBI program is both efficient and transparent, providing citizens with the confidence that the funds are being used appropriately. As Tan (2021) argues, blockchain could significantly reduce administrative costs and improve the overall efficacy of UBI implementation.

## **Economic and Social Benefits of UBI**

The implementation of UBI can have far-reaching economic and social benefits, particularly in addressing the challenges posed by automation, income inequality, and socio-economic instability. By providing financial security to all citizens, UBI can stabilize household consumption, foster economic participation, and promote social cohesion.

### **a. Poverty Reduction and Economic Stability**

UBI is one of the most effective tools for poverty reduction. By guaranteeing a minimum income to every citizen, UBI ensures that individuals have the financial

resources they need to cover basic expenses such as food, housing, and healthcare. As a result, millions of individuals currently living in poverty would benefit from a stable income, lifting them out of deprivation and contributing to overall economic stability. Research conducted by the International Monetary Fund (2021) suggests that UBI could reduce poverty rates significantly while stimulating economic growth by increasing consumer spending.

UBI also has the potential to reduce household reliance on debt, which has become a growing issue in many economies. With a guaranteed income, individuals would be less likely to fall into the trap of high-interest loans or exploitative financial schemes, thus reducing the long-term economic burden of debt. This financial stability allows individuals to plan for the future, invest in education or businesses, and save for emergencies, thus contributing to a more resilient economy.

### **b. Workforce Adaptation to Automation**

As automation and artificial intelligence continue to disrupt traditional labor markets, UBI offers a critical safety net for workers displaced by technology. According to a report by the McKinsey Global Institute (2020), up to 375 million workers worldwide may need to change occupations or acquire new skills by 2030 due to automation. UBI provides individuals with the financial security they need to retrain, reskill, or transition into new careers without the pressure of financial instability.

Rather than disincentivizing work, UBI can encourage workers to pursue opportunities that align with their skills and interests, thus fostering a more innovative and dynamic workforce. By reducing the stress associated with job insecurity, UBI allows workers to make long-term career choices that are not solely driven by immediate financial necessity.

### **c. Enhancing Social Cohesion**

Financial insecurity is a major contributor to social unrest and mental health issues. By ensuring a minimum standard of living for all, UBI can help to alleviate these pressures, promoting greater social cohesion and reducing tensions between different social groups. Research from the University of Oxford (2019) shows that UBI can reduce stress, improve mental health outcomes, and increase overall well-being, especially among marginalized populations.

Moreover, UBI has the potential to foster greater social mobility by giving individuals from disadvantaged backgrounds the means to access education, healthcare, and other essential services. This, in turn, helps to break the cycle of poverty and inequality, contributing to a more equitable and just society. As noted by experts like Piketty (2014), reducing economic inequality through policies like UBI



not only improves individual lives but also strengthens social cohesion, ultimately leading to a more stable society.

### **Strategic Implementation of UBI in Malaysia**

The successful implementation of Universal Basic Income (UBI) in Malaysia will require careful planning and the utilization of existing financial tools, particularly from the Islamic finance sector, to ensure sustainability and long-term effectiveness. Additionally, targeted pilot programs, public engagement, and addressing potential criticisms are crucial to ensuring the program's acceptance and success. The following sections outline the strategic components necessary to implement UBI in Malaysia.

#### **a. Funding Mechanisms**

Malaysia can leverage several Islamic financial instruments to fund UBI, creating a robust and sustainable system that aligns with Islamic economic principles. Key mechanisms include Zakat modernization, Waqf endowments, and Green Sukuk.

Zakat Modernization, Zakat, the obligatory almsgiving in Islam, represents a key pillar of wealth redistribution and social welfare. As a significant source of charitable funds, it is a powerful tool for funding UBI. Modernizing the Zakat collection system can improve compliance and resource allocation, ensuring that the funds reach the most vulnerable members of society.

Malaysia has already taken steps toward modernizing Zakat administration. By digitizing the process, Malaysia can increase transparency, reduce fraud, and streamline the collection process. As Al-Qaradawi (2001) notes, effective Zakat systems can generate significant resources for poverty alleviation when combined with modern technology. Digital platforms could ensure that the funds are collected efficiently, and their use is optimized to benefit the poorest sectors of the population. Moreover, the government can work with Islamic financial institutions to create a specialized Zakat fund for UBI, ensuring that the funds raised directly contribute to the provision of basic income.

#### **b. Waqf Endowments**

Waqf (charitable endowments) is another traditional Islamic mechanism that could be harnessed to fund UBI. A Waqf is a permanent endowment established to benefit public welfare, and its funds are usually invested for the long term, with the proceeds used for charitable purposes. Malaysia's success in modernizing Waqf administration provides a unique opportunity to use Waqf for UBI.

The potential of Waqf for funding UBI has been increasingly recognized by Islamic economists. According to Siddiqui (2019), modernizing Waqf through digital platforms can allow for greater accessibility and larger-scale investment. Establishing a Waqf fund specifically for UBI can generate a continuous income stream that supports the program's long-term viability. The Malaysian government, in collaboration with Islamic financial institutions, can create specialized Waqf funds to channel money directly into UBI payments.

Green Sukuk, Islamic bonds used to finance environmental projects, offer another innovative funding mechanism for UBI. Malaysia has been a global leader in the issuance of Green Sukuk, having pioneered its use to fund sustainable projects like renewable energy and climate mitigation (Khan, 2020). The concept of Green Sukuk could be expanded to include social initiatives like UBI, which aims to reduce poverty and inequality, objectives that align with the broader goals of sustainable development.

As noted by Tan (2021), issuing Green Sukuk for social causes allows Malaysia to tap into a growing pool of socially responsible investors. These bonds could be used to finance UBI programs, offering a sustainable, market-driven solution for funding that is both ethical and efficient. By diversifying funding sources, Malaysia can ensure that UBI is economically viable without relying solely on government budgets or traditional welfare programs.

### **c. Pilot Programs**

Before implementing UBI nationwide, Malaysia can benefit from conducting targeted pilot programs in select regions. These pilot programs would provide valuable data on the effectiveness, challenges, and public reception of UBI.

#### **Targeted Regions for Pilot Programs**

Kelantan, a state in northeastern Malaysia, and Selangor, a more economically advanced state, represent two ideal regions to pilot UBI. Kelantan, with its higher poverty rates and rural population, could benefit significantly from UBI as a tool for poverty alleviation. Selangor, on the other hand, has a more diverse population and a robust economy, providing a strong foundation to study how UBI can stimulate economic growth and reduce inequality in more developed urban areas.

The pilot programs would allow policymakers to test different UBI models tailored to regional needs, adjusting for local economic conditions, and identifying potential obstacles to implementation. They could also assess how UBI interacts with existing welfare systems and whether it encourages greater participation in the labor market or further strengthens the social fabric (Hassan, 2020). These data-driven insights will enable Malaysia to refine its approach before scaling the program nationally.

#### **d. Public Engagement**

Public awareness and support are crucial for the successful implementation of UBI. The Malaysian government and advocacy groups can launch public engagement campaigns to inform citizens about the benefits of UBI and its alignment with Islamic values of social justice and equality. Public campaigns should emphasize that UBI is not merely a welfare program but a strategic policy aimed at promoting long-term economic stability, poverty reduction, and social harmony. By framing UBI in terms of Islamic ethics, such as Zakat and Maslahah (public benefit), these campaigns can resonate with Malaysia's Muslim-majority population, reinforcing the notion that UBI is an extension of Islamic charitable principles. Additionally, consultations with stakeholders, including Islamic scholars, economists, and social activists, can ensure that UBI is tailored to meet the needs of various segments of society and is perceived as a fair and effective policy (Abdul-Rahman, 2015).

#### **Addressing Potential Criticisms**

Despite its growing appeal, Universal Basic Income (UBI) continues to face significant criticism on various fronts, particularly regarding affordability, inflationary risks, and work disincentives. These critiques stem from both economic and political concerns and must be addressed thoughtfully through robust policy design, empirical evidence, and contextual strategies. In Malaysia's case, integrating Islamic financial mechanisms and leveraging its digital infrastructure provides unique solutions to mitigate these challenges. The following discussion explores these criticisms in depth and outlines viable responses based on both international experiences and Islamic economic principles.

##### **a. Affordability**

Affordability remains the most cited concern in UBI discourse. Critics argue that providing an unconditional income to all citizens would place an unsustainable burden on national budgets, particularly in developing economies like Malaysia (Martinelli, 2017). However, this critique overlooks innovative financing methods grounded in Islamic finance. Malaysia's well-established instruments, such as Sukuk (Islamic bonds), Waqf (endowments), and Zakat (almsgiving), can be harnessed to create a diversified and sustainable funding model. These instruments not only comply with ethical principles but also emphasize wealth redistribution and social justice (Abdul-Rahman, 2015; Siddiqui, 2019). Furthermore, economic research suggests that UBI can act as a fiscal stimulus by boosting household consumption, reducing personal debt, and increasing economic participation (Standing, 2017). Piketty (2014) posits that systematic wealth redistribution can enhance macroeconomic stability and fuel long-term growth. In this regard, Malaysia's

Islamic finance tools offer both the ethical rationale and financial capacity to support UBI without overburdening state revenues.

### ***b. Inflation Risks***

Another common criticism is that UBI might lead to inflation, especially if aggregate demand increases faster than the economy's productive capacity. This risk is real but manageable. Empirical evidence from pilot programs in Finland, Namibia, and India has shown minimal inflationary effects, primarily because UBI recipients tend to spend on essential goods rather than luxury items (Banerjee et al., 2019; Ortiz et al., 2018). In Malaysia's context, a phased or targeted rollout can help monitor inflationary impacts. Moreover, integrating digital tools such as blockchain for fund distribution can enhance transparency and efficiency, as well as ensure real-time economic tracking (Tan, 2021). Blockchain enables better control over money flows, helping prevent overheating in specific sectors by providing timely data to regulators and allowing dynamic policy adjustments.

### ***c. Work Disincentives***

A persistent myth surrounding UBI is that it undermines work incentives by providing income regardless of employment status. However, data from international UBI trials challenge this assumption. Studies from Finland's 2017–2018 UBI experiment revealed that recipients experienced improved well-being, reduced stress, and were just as likely to work as non-recipients (Kangas et al., 2020). Similarly, pilot programs in Canada and the United States have demonstrated that UBI fosters a sense of autonomy and allows individuals to pursue education, caregiving, or entrepreneurship (Widerquist, 2013). In Malaysia, where youth unemployment and underemployment are pressing issues, UBI could act as a catalyst for reskilling and innovation. By reducing financial stress, individuals can invest in personal development, enroll in vocational training, or initiate small businesses. As Khan (2020) notes, UBI supports a dynamic economy by empowering people to make purposeful career choices rather than remaining trapped in precarious, low-wage employment.

## **Malaysia as a Global Leader**

Malaysia's upcoming role as the chair of ASEAN in 2025 presents a strategic opportunity to assert leadership in promoting Universal Basic Income (UBI) as a multidimensional policy tool addressing both economic justice and long-term sustainability. As global and regional economies grapple with persistent inequalities, automation, and climate-induced shocks, Malaysia can leverage its Islamic economic infrastructure and policy credibility to advocate for UBI, not merely as a social safety net but as a structural transformation towards inclusive development.

### **a. Promoting Islamic Economic Models**

Malaysia's credibility as a pioneer of Islamic finance enables it to position UBI within a broader framework of Shariah-compliant economic governance. Its track record in developing sukuk (Islamic bonds), revitalizing waqf (charitable endowments), and modernizing zakat collection systems exemplifies how Islamic principles can guide innovative policy instruments for public welfare (Siddiqui, 2019; Abdul-Rahman, 2015).

UBI aligns naturally with Islamic economic imperatives such as zakat (obligatory wealth redistribution), sadaqah (voluntary charity), and maslahah (public benefit). These principles collectively support a vision of economic justice where the dignity and basic needs of individuals are safeguarded by society (Al-Qaradawi, 2001; Chapra, 2000). Unlike selective welfare programs, UBI offers a universal and non-stigmatizing mechanism for economic empowerment, especially for marginalized groups, a goal echoed in classical Islamic jurisprudence and ethics (Khan, 2006). By operationalizing UBI through instruments like green sukuk and digitized waqf platforms, Malaysia can provide a working model of Islamic social innovation, contrasting with Western capitalist models that often prioritize growth over equity (El-Gamal, 2006). This model offers an ethically grounded alternative for Muslim-majority countries grappling with economic injustice and governance deficits.

Furthermore, Malaysia's leadership in Islamic finance enhances its soft power in the Muslim world. As many OIC countries struggle with financial instability and socio-political unrest, Malaysia's success in linking Islamic values to sustainable development can inspire cross-border cooperation on UBI, thus expanding its moral and diplomatic influence (Siddiqui, 2019).

### **b. Enhancing Regional Influence**

As the ASEAN chair, Malaysia is well-positioned to initiate a regional dialogue on UBI, especially amid rising inequality, labor displacement due to automation, and uneven economic recovery post-COVID-19. According to the Asian Development Bank (2022), Southeast Asia continues to face significant income and opportunity disparities, particularly between urban and rural populations. By proposing UBI as a regional social compact, Malaysia can steer ASEAN towards more resilient and inclusive growth. UBI can serve as a countercyclical fiscal tool that cushions the impact of economic volatility, particularly for countries lacking robust social protection mechanisms (World Bank, 2023). This is particularly relevant in light of increasing precarious employment across ASEAN economies.

Malaysia's model blending Islamic economic instruments with digital finance infrastructure could offer a scalable blueprint for ASEAN members with similar

demographic and religious contexts. For example, Brunei, Indonesia, and southern Thailand share elements of Islamic economic thinking and could benefit from Malaysia's leadership in this space (Khan, 2020; Hassan, 2020).

Khan (2020) notes that ASEAN's growing economic interdependence creates both the need and the opportunity for collective policy responses. Malaysia's advocacy for UBI, therefore, is not merely national posturing but a chance to shape regional norms around poverty alleviation, digital governance, and shared prosperity.

### **c. Contributing to Global Discourse**

Globally, the debate around UBI has intensified, with experiments in Finland, Kenya, India, and Canada showing varying degrees of success in improving mental well-being, workforce participation, and financial stability (Standing, 2017; McKinsey Global Institute, 2020). Malaysia's active participation in this global conversation, especially through the lens of Islamic ethics and sustainable finance, would provide a distinctive normative perspective.

Malaysia's Islamic economic leadership allows it to contribute meaningfully to multilateral forums such as the United Nations, the G20, the Islamic Development Bank (IsDB), and the World Economic Forum. Through these platforms, Malaysia can advocate UBI not only as an economic policy, but as a moral imperative anchored in the values of justice (*adl*), compassion (*rahmah*), and human dignity (*karamah insaniyah*)—core tenets of both Islamic thought and global human rights frameworks (Dusuki & Bouheraoua, 2011).

Moreover, UBI aligns with several UN Sustainable Development Goals (SDGs), especially Goal 1 (No Poverty), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequalities). Malaysia's proposal to implement UBI using sustainable Islamic finance tools could bridge the ethical and operational gap in current UBI debates, which often lack culturally contextualized frameworks (UNDP, 2023).

In doing so, Malaysia can move beyond being a policy taker to becoming a thought leader, shaping how ethical and religious frameworks inform global governance. As Piketty (2014) and Zelleke (2011) suggest, economic justice requires not only redistributive policies but normative legitimacy—a space where Malaysia can excel.

## **CONCLUSION**

Universal Basic Income (UBI) is more than just an economic policy; it is a manifestation of values deeply embedded in Islamic teachings — compassion, justice, and equity. These values are not only fundamental to Islamic governance but also universally relevant in the quest to build more inclusive and resilient economies in the 21st century. For Malaysia, adopting UBI represents both a moral responsibility

and a strategic opportunity to address the socio-economic challenges it faces while also setting an example for the broader Muslim world and beyond.

By leveraging its expertise in Islamic finance, advanced digital infrastructure, and leadership role in ASEAN, Malaysia can pioneer a UBI model that addresses contemporary challenges while honoring Islamic principles. As the chair of ASEAN in 2025, Malaysia can advocate for UBI in regional and international forums, helping to position it as a key policy solution for poverty alleviation and economic resilience. Malaysia's leadership in promoting UBI will not only uplift its citizens but also serve as a beacon of ethical governance and innovative policy-making on the global stage. UBI offers a transformative vision for the future, one that aligns with the fundamental principles of social justice and economic fairness that lie at the heart of Islam. By adopting and championing UBI, Malaysia has the opportunity to lead the way in creating a more equitable world, demonstrating the power of Islamic economic principles to shape modern policy for the betterment of all.

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